



Charts of the Week

Carson Investment Research

June 15-19, 2026

Chart of the Week

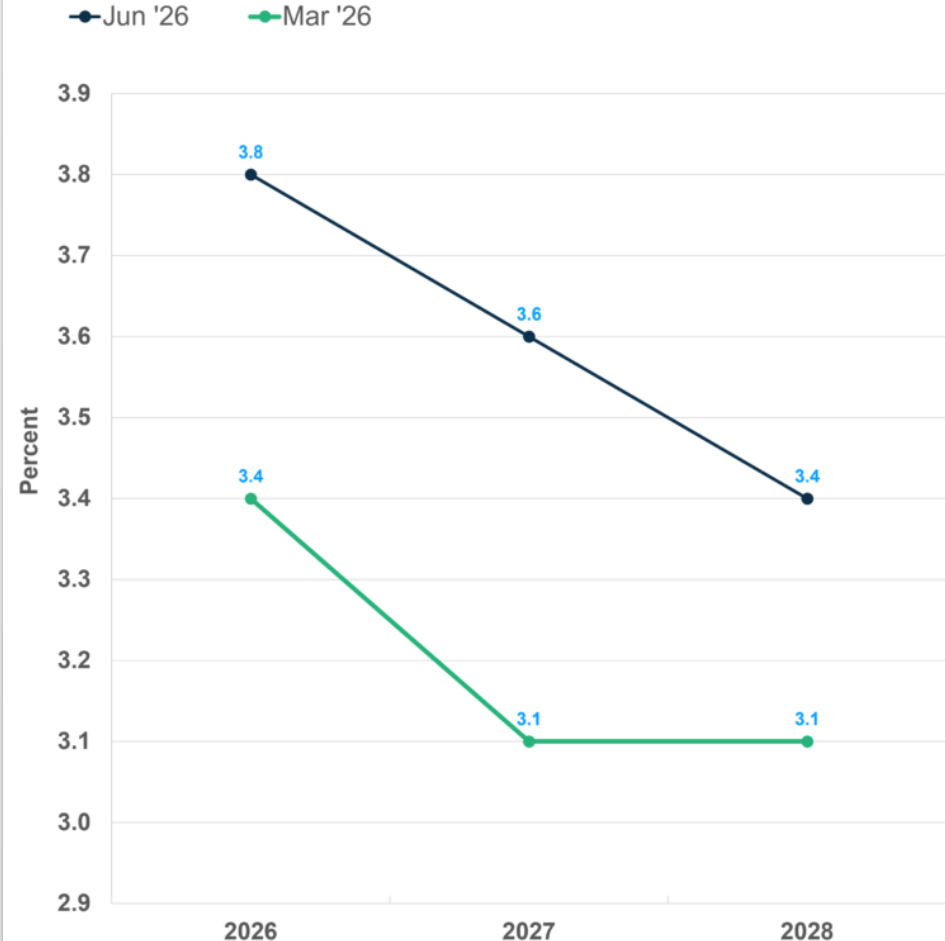
The Dots Catch Up to the Market

- FOMC members' median 2026 fed funds rate expectation ("dot") jumped from 3.4% to 3.9%, flipping the Fed's own base case from one cut to one hike this year. The 2027 median moved up in step, to 3.6%.
- This is the Fed catching up to the bond market. Going into the meeting, futures saw roughly a coin flip on an October hike. By the close they were fully pricing one.
- New Chair Warsh gave almost no guidance on how the Fed will react from here. Expect the path to stay choppy as individual members fill that vacuum with their own takes.

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The Fed gets more hawkish

Federal Reserve Projected Federal Funds Rate (Median)



Data source: Carson Investment Research, CME Group 06/17/2026

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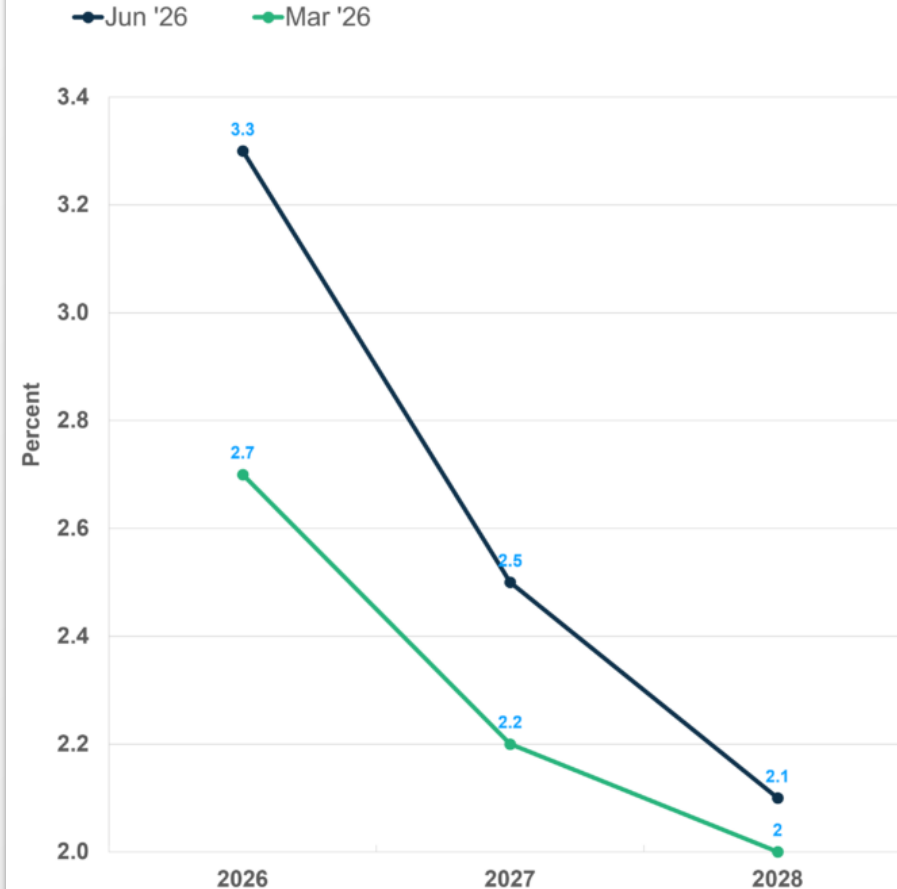
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Energy Is Just Part of the Issue

- The Fed lifted its 2026 core PCE projection from 2.7% to 3.3%, a big move for a single quarter's forecast, and now sees inflation above target clear through 2028.
- If the Fed still thought this was mostly oil and tariffs, it wouldn't be marking up the multi-year path.
- Core PCE is already tracking near 3.5% year over year, so even the upgraded 3.3% may end up looking low by December.

Fed members upgrade inflation projections (a lot), expecting inflation to run above target for two more years

FOMC Members Projected Core PCE Inflation



Data source: Carson Investment Research, CME Group 06/17/2026

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The Median Hides a Split Room

- The headline is one hike, but the committee is divided: nine members project hikes in 2026, eight see no change, and only one expects a cut.
- In March, a clear majority expected at least one cut this year. That's a fast, sharp swing in overall thinking.
- A Fed that may well hold steady while inflation runs hot is, in practice, still dovish.

Fed Projections For Fed Funds Rate (Current: 3.6)					
2026			2027		
Fed Funds Rate	Mar '26 # Participants	Jun '26 # Participants	Fed Funds Rate	Mar '26 # Participants	Jun '26 # Participants
4.4	0	1	4.4	0	1
4.1	0	5	4.1	0	2
3.9	0	3	3.9	1	5
3.6	7	8	3.6	3	2
3.4	7	1	3.4	4	3
3.1	2	0	3.1	6	4
2.9	2	0	2.9	3	1
2.6	1	0	2.6	1	0
2.5	0	0	2.5	1	0
2.1	0	0	2.1	0	0
Median Rate	3.4	3.8	Median Rate	3.1	3.6
			Median # Cuts	1	1

Data Source: Carson Investment Research 6/17/2026
Federal Reserve

Highlighted boxes show the median

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The Rate That Won't Come Down

- The 30-year mortgage is above 6.5% and has held in a high range for over a year. With cuts priced out, there's very little pulling it lower.
- Even when markets briefly expected two cuts this year, the 30-year stayed north of 6%. A return to a 5-handle, a level that would actually free up housing, looks quite far off.



Source: Carson Investment Research, Bloomberg 6/17/26



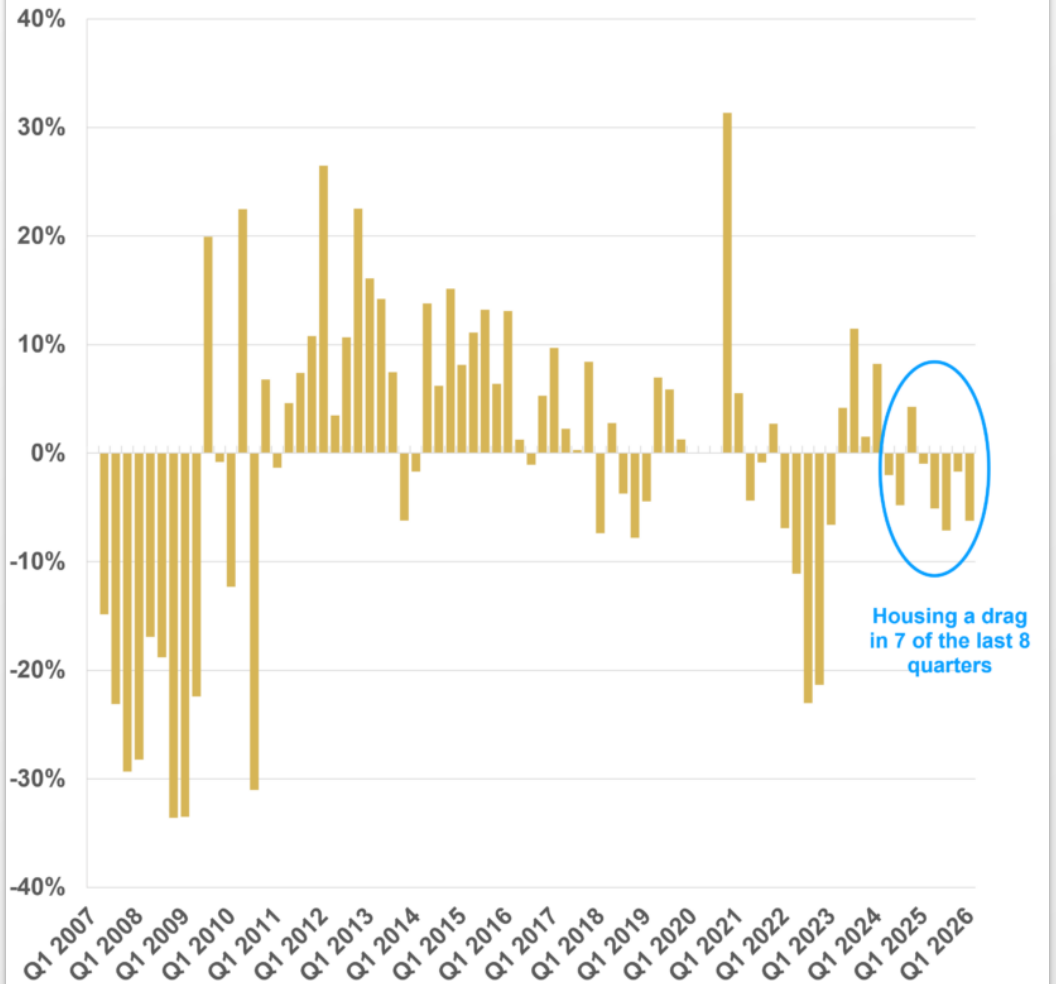
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Housing's Drag on Growth

- Residential investment has subtracted from GDP in seven of the last eight quarters, and the early Q2 read points to an eighth.
- Housing is the corner of the economy taking the most direct hit from high rates, so this is where the tightening shows up.
- The drag is steady, which is part of why a slowing housing sector hasn't rattled a market fixated on AI and earnings.

Housing woes set to continue amid elevated interest rates

Real Private Residential Investment
(% Q/Q, Annualized)



Data source: Carson Investment Research, BEA 04/30/2026

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Data from Q1 - Q3 2020 omitted for clarity.



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Single-Family Goes Nowhere

- Single-family starts fell 1.9% in May after a near-12% drop in April, leaving activity at its lowest since last September.
- Permits, which lead starts, rose a token 0.6% and have basically flatlined for a year.
- Both sit at or just below 2019 levels and well off the 2021 highs. This looks to continue while the market deals with higher rates.

Single-family housing activity still struggling

Single-Family Housing Starts
(SA, Thousands of Houses)



Building Permits: Single-Unit Housing Authorized
(SA, Thousands of Houses)



Data source: Carson Investment Research, Factset 06/16/2026

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Shaded area indicates U.S. recession



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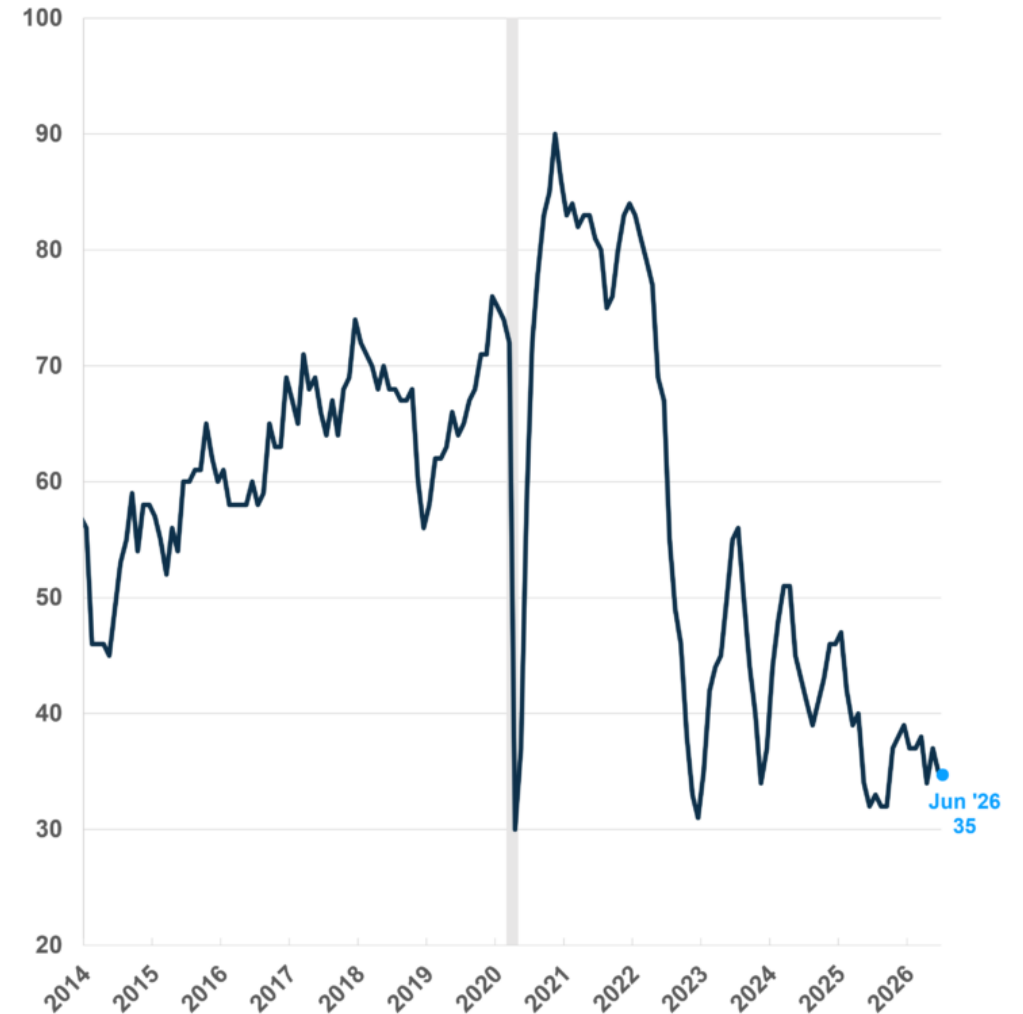
Builders Stay Bearish

- Builder confidence reads 35 and has been stuck in a 30-to-40 band for over a year. That's near cycle lows and a long way from the 80-plus prints of 2021.
- Builders are voting with their actions, finishing homes already started rather than breaking ground on new ones.
- Sentiment this depressed rarely turns until financing costs ease, which loops straight back to the Fed.

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Homebuilders still really pessimistic

NAHB/Wells Fargo Housing Market Index



Data source: Carson Investment Research, Factset 06/16/2026

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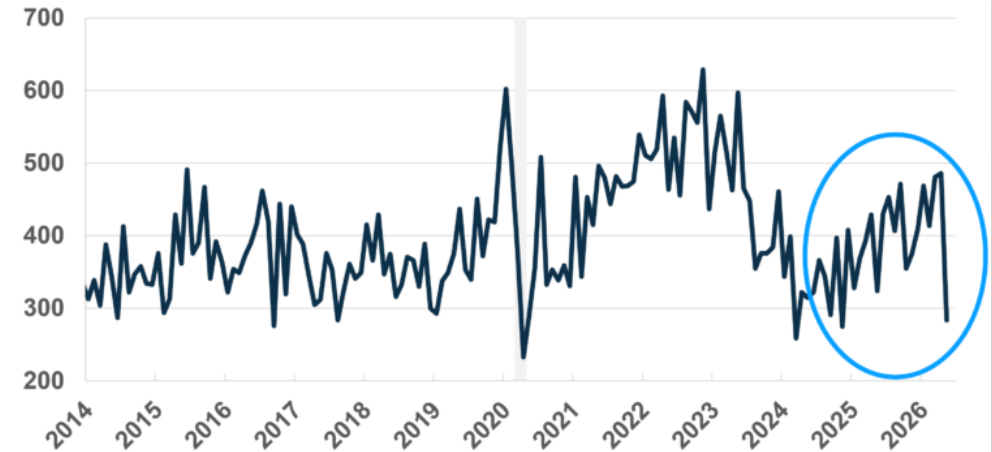
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The Apartment Recovery Hits a Wall

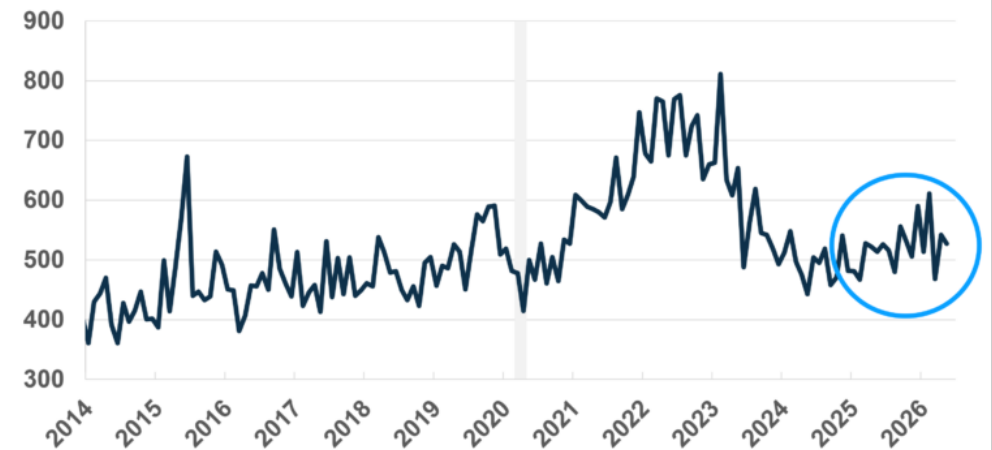
- Multi-family had been clawing back over the past year, then starts collapsed 42% in May to a cycle low. Permits fell too, down a steep 45% annualized over three months.
- Starts and permits rolling over together is a real warning that should be monitored over the coming months.

Multi-family housing takes a turn for the worse

Multi-Unit Housing Starts
(SA, Thousands of Houses)



Building Permits: Housing Units Authorized
(SA, Thousands of Houses)



Data source: Carson Investment Research, Factset 06/16/2026

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Shaded area indicates U.S. recession



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The Consumer Gives the Fed Cover

- Retail sales rose 0.9% in May, ahead of the 0.6% expected, with the control group that feeds GDP up a solid 0.7%.
- Strength ran well past the gas price bump. Online, electronics, and sporting goods all posted a strong three-month pace.
- The one soft spot is restaurants, where flat nominal sales mean real spending is slightly negative once you back out menu inflation.

	Contribution to May 2026 Gain (M/M)	April to May 2026 Gain (M/M)	3M Annualized Change (May 2026)
Gasoline Stations	0.3%	3.4%	113.6%
Nonstore Retailers	0.3%	1.5%	14.5%
Motor Vehicle & Parts Dealers	0.2%	1.2%	3.6%
Miscellaneous Stores	0.0%	2.3%	-1.2%
General Merchandise Stores	0.0%	0.4%	7.8%
Health & Personal Care Stores	0.0%	0.6%	7.7%
Furniture & Home Furnishings Stores	0.0%	1.0%	7.4%
Clothing & Clothing Accessory Stores	0.0%	0.3%	-0.5%
Sporting Goods, Hobby, Book & Music Stores	0.0%	0.3%	9.2%
Food & Beverage Stores	0.0%	0.0%	7.3%
Building Materials, Garden Equip., Supply Stores	0.0%	0.0%	6.1%
Electronics & Appliance Stores	0.0%	-0.5%	10.1%
Food Service & Drinking Places	0.0%	-0.1%	2.9%
Control Group Retail Sales	0.4%	0.7%	8.7%
Retail & Food Services, Total	0.9%	0.9%	12.7%

Source: Carson Investment Research, Factset 06/17/2026

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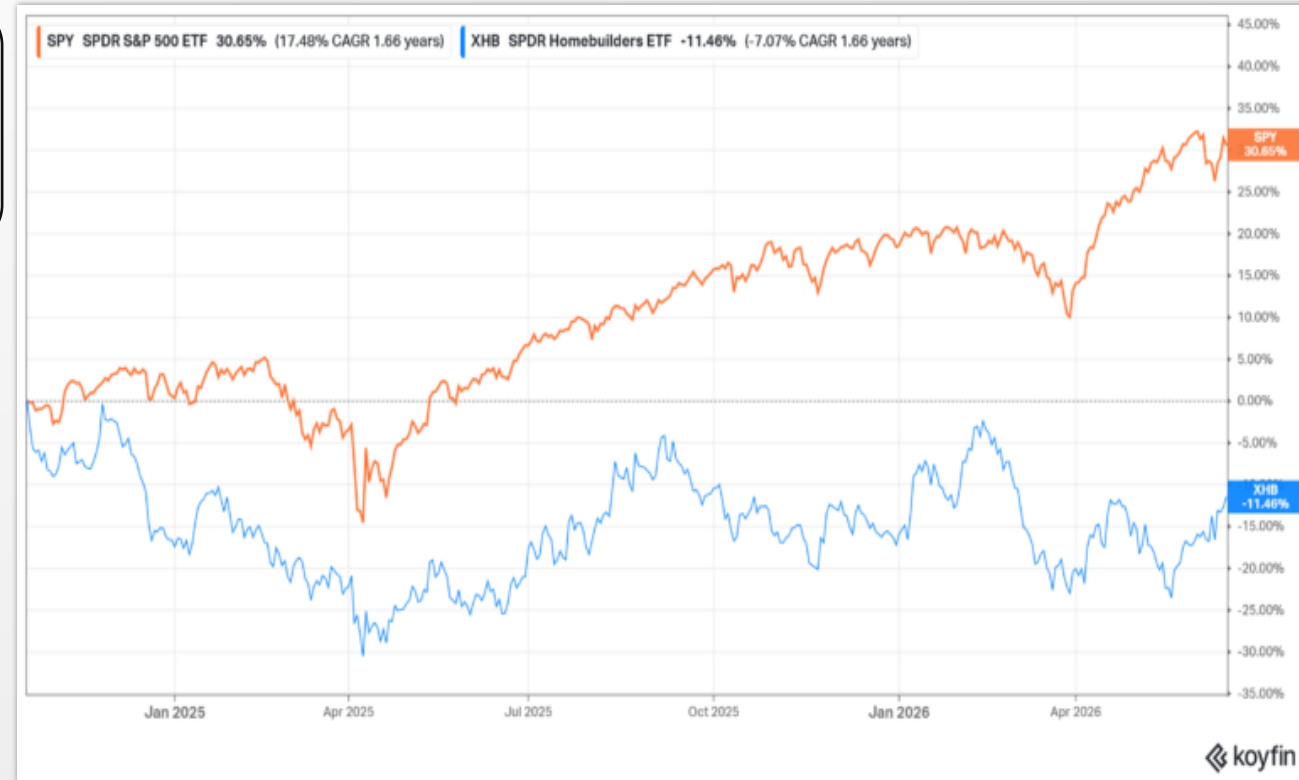
Control Group excludes Food Services, Auto Dealers, Gasoline Stations, Building Materials, Garden Equipment and Supplies Dealers, Office Supply and Stationary Stores, Mobile Home Dealers, Tobacco Stores



Markets

Homebuilders Sit Out the Rally

- Since its October 2024 high, the homebuilder ETF (XHB) is down about 11.5% while the S&P 500 is up roughly 30%.
- This year's brief homebuilder rally, up nearly 18%, evaporated as yields climbed during the war. The recent bounce depends entirely on rates staying lower.



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